

## Message Text

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ACTION IO-13

INFO OCT-01 EUR-25 ADP-00 EB-11 AID-20 COME-00 LAB-06

TRSE-00 AF-10 ARA-11 EA-11 NEA-10 RSC-01 L-03 CIAE-00

INR-10 NSAE-00 PA-03 PRS-01 USIA-12 SS-15 NSC-10

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FM AMEMBASSY VIENNA

TO SECSTATE WASHDC 8736

INFO USMISSION USUN

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EO 11652: N/A

TAGS: AORG EAID UNIDO US

SUBJECT: UNIDO - SECOND SESSION OF PERMANENT COMMITTEE

REF: A. VIENNA 3516; B. VIENNA 3550

SUMMARY: PC- II CONCLUDED EARLY MORNING HOURS MAY 5 AFTER TEDIOUS FINAL MEETING MARKED BY NUMEROUS LDC INTERVENTIONS WHICH APPEARED MORE AS CHALLENGES TO DONOR COUNTRIES THAN SUBSTANTIVE REMARKS. SOVIET DEL BACKED BY GROUP D AND CUBA, VOICED FAMILIAR THEMES ALBEIT WITH GREATER RESTRAINT THAN IN PAST, AND EXPRESSED PARTICULAR OPPOSITION TO NEW UNIDO/ IBRD ACCORD. CHINESE TOOK FLOOR ONLY TWICE, WITH MAIN STATEMENT REPORTED REFTEL B. LAST FOUR DAYS PC- II COVERED CONCLUSION OF PROGRAM/ BUDGET, EVALUATION, COMBINED ITEM OF COORDINATION OF UN ACTIVITIES AND INDUSTRIAL DEVELOPMENT FIELD ADVISERS AND ADMINISTRATIVE AUTONOMY OF UNIDO. AT INITIATIVE PC PRESIDENT PROBST, WHOSE SKILL KEPT DISCUSSIONS MOVING, PC- II REPORT CONTAINED SOME DISTILLATIONS OF GENERAL DISCUSSIONS INTENDED TO FACILITATE WORK OF IDB- VII. SUBSTANCE FINAL REPORT NOT PARTICULARLY SIGNIFICANT, REFLECTING IN GOOD MEASURE STANDARD ISSUES

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AND USUAL SPREAD OF VIEWS THEREON. US DEL' S INTERVENTIONS OFFERED IN POSITIVE VEIN, PARTICULARLY VIEWS ON OVERALL PROGRAM WHICH REFLECTED BASIC LINES OUR CURRENT THINKING ON UNIDO. ONCE AGAIN A- R DEMONSTRATED UNCANNY SKILL IN DISARMING CRITICS BY TURNING UNIDO' S SHORTCOMINGS INTO PLEAS FOR MORE RESOURCES. END SUMMARY.

1. PROGRAM/ BUDGET: IN WRAP- UP STATEMENT ON PROGRAM/ BUDGET US DEL URGED SECRETARIAT TO ANALYZE AND PRIORITIZE IN ORDER TO FOCUS ON KEY PROBLEMS OF INDUSTRIAL DEVELOPMENT PROCESS. WE EXPRESSED STRONG SUPPORT FOR BOTH CREATION DEP DIRECTOR POST AT ASYG LEVEL AND UP- GRADED CENTRAL PROGRAM EVALUATION, DEVELOPMENT AND FORMULATION UNIT AS PROVIDED FOR IN NEW PROGRAM/ BUDGET. FINAL PORTION OF REPORT ON WORK PROGRAM, WHICH SUMMARIZES GENERAL DISCUSSION, STATED PC NOTED:

A( A) STATEMENT OF EXECUTIVE DIRECTOR THAT BIENNIAL BUDGET ESTIMATES FOR 74-75 NOT SUFFICIENT TO COVER ALL NEEDS OF PROGRAM AND THAT UN HAS AGREED TO REVIEW UNIDO' S BUDGETARY NEEDS END 73/74 IN LIGHT EXPERIENCE GAINED IN CARRYING OUT PROGRAM AND PROSPECTS FOR FUTURE NEEDS;

( B) RESERVATIONS OF FEW DELS ON FINANCIAL IMPLICATIONS OF UNIDO PROGRAM/ BUDGET PENDING EXAMINATION OF SECRETARY- GENERAL OF WHOLE UN BUDGET ( US INCLUDED); RESERVATION ONE DEL ( USSR) PENDING CONSIDERATION OF REPORT OF HIGH LEVEL EXPERTS;

( C) THAT MEDIUM TERM PLAN FOR 74-77 COULD BE SUBJECT TO MODIFICATIONS ACCORDING TO NEEDS OF LDCS, ESTABLISHMENT OF STRATEGY AND ORGANIZATIONAL NECESSITIES.

( D) THAT DISCUSSION OF BUDGET FOR UNIDO- II DEFERRED TO IDB- VII. US DELEGATION SATISFIED WITH ABOVE CONCLUSIONS WHICH EXPRESS OUR VIEW THAT PROGRAM ACCEPTED IN PRINCIPLE BUT FINANCIAL IMPLICATIONS RESERVED.

2. EVALUATION: DISCUSSION THIS ITEM MANIFESTED CONSENSUS THAT EVALUATION EFFORT SHOULD BE CARRIED FORWARD. WRAP- UP PORTION OF FINAL REPORT THIS ITEM STATED THAT PC:

( A) WELCOMED EVALUATION REPORTS AND WAS OF OPINION THAT EVALUATION SHOULD PLAY INCREASINGLY IMPORTANT PART OF UNIDO WORK SO AS TO BUILD UP EXPERIENCES, IMPROVE TECHNICAL ASSISTANCE AND ENHANCE PROJECT FORMATION AND IMPLEMENTATION;

( B) AGREED THAT STANDARD METHODOLOGY AND CRITERIA BE ADOPTED LIMITED OFFICIAL USE

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AND THAT EXECUTIVE DIRECTOR EXAMINE THIS ISSUE AND REPORT TO IDB;

( C) BELIEVED SECRETARIAT SHOULD PROPOSE FURTHER PROGRAMS FOR EVALUATION;

( D) AGREED THAT PRIOR AGREEMENT OF RECIPIENT COUNTRY NECESSARY FOR EVALUATION AND THAT SOCIAL AND POLITICAL STRUCTURE OF COUNTRIES BE CONSIDERED. IN MAJOR INTERVENTION US DEL STRESSED CRITICAL

NATURE OF EVALUATION, OFFERED PRACTICAL SUGGESTIONS AND REITERATED AID INVITATION TO UNIDO TO PARTICIPATE IN AID EVALUATION TRAINING. ON SECTORAL EVALUATION OF INVESTMENT PROMOTION US DEL STRESSED IMPORTANCE OF INVESTMENT CLIMATE AND ASKED SERIES OF POINTED QUESTIONS DESIGNED TO HIGHLIGHT SHORTCOMINGS OF UNIDO IN THIS FIELD. SUBSEQUENT CIRCUMLOCUTIONS OF IPP DIRECTOR LE GUAY IN ATTEMPT TO ANSWER ONLY TENDED CONFIRM OUR VIEW THAT PROGRAM IS CURRENTLY POORLY MANAGED.

3. COORDINATION OF ACTIVITIES OF UN SYSTEM IN INDUSTRIAL DEVELOPMENT AND PROGRAM OF INDUSTRIAL DEVELOPMENT FIELD ADVISERS: SUMMARY REMARKS OF FINAL REPORT STATED THAT PC:

(A) CONSIDERED CENTRAL ROLE UNIDO IN FIELD OF COORDINATION AND COOPERATION INDUSTRIAL DEVELOPMENT IMPORTANT FUNCTION AND REGRETTED FUNCTIONAL AND FINANCIAL RESTRAINTS HAMPERING ACTIVITIES IN THIS AREA;  
(B) APPROVED ESTABLISHMENT OF JOINT INDUSTRY DIVISIONS BETWEEN UNIDO AND REGIONAL ECONOMIC COMMISSIONS SUCH AS UNIDO/ ECA JOINT DIVISION;  
(C) RECOMMENDED FURTHER EFFORT TO DEVELOP COOPERATION WITH UN SPECIALIZED AGENCIES.  
(D) WELCOMED UNIDO- UNEP COOPERATION AND POINTED OUT THAT UNIDO AND UNEP SHOULD FOCUS ON SPECIAL ENVIRONMENTAL PROBLEMS OF LDCS;  
(E) NOTED THAT A NUMBER OF DELS WELCOMED ESTABLISHMENT OF UNIDO/ IBRD AGREEMENT AND ALSO NOTED RESERVATIONS EXPRESSED BY OTHER DELS THAT THIS WAS NEITHER NECESSARY NOR DESIRABLE. USSR, BACKED BY GROUP D, CUBA AND CHINA WERE AMONG LATTER.  
(F) CONSIDERED UNDP/ UNIDO COORDINATION VITAL AND SUPPORTED CURRENT DIALOGUE BETWEEN UNDP ADMINISTRATOR AND UNIDO EXECUTIVE DIRECTOR PURSUANT TO RECOMMENDATIONS OF AD HOC COMMITTEE;  
(G) NOTED UNANIMOUS SUPPORT FOR CONTINUATION OF INDUSTRIAL DEVELOPMENT FIELD ADVISERS PROGRAM, AND THAT LARGE NUMBER OF LIMITED OFFICIAL USE

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DELS FAVORED EXPANSION OF PROGRAM WHILE SOME RESERVED POSITION PENDING OUTCOME OF CONSULTATIONS BETWEEN EXECUTIVE DIRECTOR AND UNDP ADMINISTRATOR. US AND SOME GROUP B COUNTRIES AMONG LATTER.

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INFO OCT-01 EUR-25 ADP-00 EB-11 AID-20 COME-00 LAB-06

TRSE-00 AF-10 ARA-11 EA-11 NEA-10 RSC-01 L-03 CIAE-00

INR-10 NSAE-00 PA-03 PRS-01 USIA-12 SS-15 NSC-10

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(H) NOTED SUGGESTIONS THAT GREATER NUMBER OF INDUSTRIAL DEVELOPMENT FIELD ADVISERS BE RECRUITED FROM LDCS AND THAT ONE DEL (USSR) STRESSED IMPORTANCE OF RECRUITING FROM SOCIALIST COUNTRIES.

4. ADMINISTRATIVE AUTONOMY OF UNIDO: ITEM ADDED TO AGENDA AT UK BEHEST PURSUANT TO PC- I RESOLUTION. EXECUTIVE DIRECTOR ADMITTED THAT SECRETARIAT SHOULD HAVE PLACED ITEM ON PROVISIONAL AGENDA FOR PC- II BUT THAT IT HAD NOT BEEN DONE BECAUSE THERE HAD NOT BEEN PROGRESS TO REPORT. CONCLUSIONS AT END OF REPORT STATED THAT PC:

(A) EXPRESSED REGRET AT LACK OF PROGRESS IN CONSULTATIONS BETWEEN UNIDO SECRETARIAT AND UN HEADQUARTERS ON THIS ISSUE;

(B) NOTED THAT SEVERAL DELS PROPOSED THAT GREATER ADMINISTRATIVE AUTONOMY COULD BE ACHIEVED THROUGH CONTINUOUS EXAMINATION OF SPECIFIC AREAS;

(C) NOTED THAT SEVERAL DELS FELT UNIDO SHOULD BE TRANSFORMED INTO SPECIALIZED AGENCY WHILE SOME DELS MADE STATEMENTS AGAINST THIS PROPOSAL;

(D) NOTED THAT SEVERAL DELS PROPOSED THAT SYG SHOULD BE REQUESTED TO EXAMINE QUESTION OF:

1) PREPARING AND SUBMISSION PROGRAM/ BUDGET OF UNIDO TO GA BY ITSELF AND SEPARATE FROM UN BUDGET;

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2) ESTABLISHING UN INDUSTRIAL FUND;

3) TRANSFERRING TO UNIDO FULL POWERS OF ALLOCATION OF RESOURCES AND APPROVAL OF SIS PROJECTS;

4) GRANTING ADMINISTRATIVE AUTONOMY TO UNIDO; INCLUDING APPOINTMENT OF ALL STAFF AND EXPERTS AND TO REPORT TO 28 TH GA ON RESULT OF THE EXAMINATION OF THIS TOGETHER WITH AN APPROPRIATE DECISION ON GA RES 2152. THIS LAST SWEEPING PARAGRAPH INSERTED IN RECORD AT 2:00 M. M. AND WAS RESULT OF INDIAN DRAFTING EFFORT TO

BREAK DEADLOCK. US DEL RESERVED POSITION BECAUSE OF WIDE RANGING AND SERIOUS IMPLICATIONS WHICH THERE WAS NO TIME TO DISCUSS. USSR FOLLOWED WITH RESERVATION BASED ON PRINCIPLE THAT SUCH LANGUAGE RAN COUNTER TO INTENT OF GA RES 2152. FIVE OTHER DELS FROM GROUP B AND D THEN JOINED SO THAT REPORT FINALLY READ "SEVERAL DELS" RESERVED ON THIS MATTER. THIS PROMPTED NIGERIAN TO REITERATE POINT HE HAD MADE EARLIER, NAMELY THAT REPORT DID NOT ACCURATELY REFLECT PC DISCUSSION AS NO MENTION WAS MADE OF WHICH DELS HAD SUPPORTED OR RESERVED POSITIONS -- HIS POINT WAS THAT RECORD WOULD NOT REFLECT WHAT HE BELIEVED WAS DEVELOPED COUNTRIES' THWARTING WILL OF LDCS. DEBATE ON ADMINISTRATIVE AUTONOMY SUGGESTS THAT ISSUE MAY BECOME PET THEME OF LDCS IN FUTURE SESSIONS.

5. ATTEMPT TO DRAW CONCLUSIONS FROM REPORT INITIATED BY PRESIDENT PROBST WHO MAINTAINED THAT IDB WOULD NEED CLEAR CUT GUIDANCE ON ISSUE OF ACCEPTANCE OF PROGRAM/ BUDGET. PROBST CLAIMED PC- II SHOULD ATTEMPT TO DO MORE THAN JUST REFLECT WHAT WAS SAID, AND PROPOSED THAT CONSENSUSES OF OPINION BE STATED WHEREEVER POSSIBLE.

INITIALLY, PROPOSAL WENT UNCHALLENGED BUT AT ELEVENTH HOUR IT WAS CHALLENGED BY EXECUTIVE DIRECTOR WHO IN DEL'S VIEW, DID NOT WANT TO BE SADDLED WITH HOST OF LOOSELY WORDED "CONCLUSIONS". COMPROMISE FINALLY AGREED TO ACCEPT WATERED DOWN FORMULA THAT "CONCLUSIONS" WOULD REPRESENT CONSENSUSES, INFORMATION OF PARTICULAR IMPORTANCE AND/ OR EXPRESSIONS OF IMPORTANT OPINION. THEREFORE, ABOVE CONCLUSIONS ON AGENDA ITEMS REFLECT ALL THREE CATEGORIES. IT NOT YET CLEAR HOW IDB WILL CONSIDER THEM.

6. EXECUTIVE DIRECTOR, WHO RESPONDED IN LENGTH TO COMMENTS ON PROGRAM/ BUDGET DURING APRIL 30 NIGHT SESSION, PROVED HIMSELF ONCE AGAIN SKILLED IN ART OF RAPARTEE. HE AGREED WITH CRITICISM WHICH CHARACTERIZED UNIDO'S ACTIVITIES AS SCATTERED AND UNPRIORITIZED AND WENT ON TO CLAIM THIS REFLECTED FACT UNIDO WAS OPERATIONAL ORGANIZATION RESPONDING TO REQUESTS FOR ASSISTANCE WHICH INDIVIDUAL LIMITED OFFICIAL USE

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\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* LIMITED OFFICIAL USE

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
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**Decaption Date:** 01 JAN 1960  
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**Disposition Approved on Date:**  
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**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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**Original Previous Classification:** n/a  
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